



VISION 2020 FISCAL RESOURCES TASK GROUP  
Meeting Minutes 7:30 PM 2\_16\_17

Senior Center First Floor Conference Room

ATTENDEES: Gordon Jamieson (Co-Chair), David Gabarino (Co-Chair), Heather Remoff, Pete Howard (Secretary)

**NEW GROWTH:** Gordon brought materials obtained from the Deputy Town Manager Sandy Pooler to illustrate the history of this key Town income stream. New Growth (Ref 1) is the term for income derived from increases in the assessed value of Arlington's real estate attributed to renovations and new construction. The Assessors provide the number as part of the annual tax-setting report to the Board of Selectmen. For years the Town's planning had predicted \$450,000. As is clear from Ref 1 this is a very conservative number. Consequently the planning was based on a under estimate of income equivalent to the cost of several employees. Recently the Long Range Planning (LRP) Committee has used the average of the past 10 years. Though still conservative, this is much more reasonable. The FRTG, has advocated for this improvement for many years. We can take pride in this step forward.

**FREE CASH:** Gordon brought materials (again kindly provided by Deputy Town Manager Pooler) to illustrate the history of this income stream. Free Cash is the name for operating funds left over (not encumbered) at the end of the fiscal year. The Town treats this money as a reserve and budgets (appropriates) half of it in the following fiscal year. As is clear from Fig 2, this number is variable but has increased steeply in recent years. Currently the Town appropriates half of the 10 year average or \$4.8m in FY18 (Ref 2). But the LRP is based on about half this value or more than 1% of the total revenue. This is roughly the size of the annual general education costs. Gordon pointed out that the Overlay Reserve in the FY17 recap is swollen by the excess of new growth over the budgeted amount. Presumably the Assessors do not use this excess.

**CITIZENS CORNER:** Gordon proposed & the group approved this name for a series of articles for the Advocate that would be intended to explain Town government to new residents in the general public. A list of topics from this month, as well as those discussed last month will form the basis for our initial efforts.

This Month

Town  
Town Meeting  
Budgeting  
Warrant  
Town/School  
Enterprise Funds  
Departments  
Taxes  
Resident Involvement

Last Month

Town Organization  
Town Manager/Selectmen  
School Committee  
Independent Reporting Authorities  
(Assessors, Treasurer, Comptroller)  
Budget Process  
Appropriation Process  
Resources  
Standing Committees

NEXT MEETING: 3\_17\_17

Meetings monthly - 3rd Thursdays 7:30 PM - Usually in Senior Center

Ref 1 New Growth History

Ref 2 Free Cash Analysis

Ref 3 Long Range Projection FY17-FY20

Town of Arlington Ten Year New Growth History

Fiscal Year	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Total New Growth	\$640,013	\$642,912	\$726,955	\$656,751	\$522,167	\$657,203	\$1,393,953	\$1,255,293	\$1,337,666	\$1,070,144
Less Brigham's						(128,657)	(180,666)			
Less Symmes						(12,142)	(764,490)	(307,971)		
<b>Adjusted Growth</b>	<b>\$640,013</b>	<b>\$642,912</b>	<b>\$726,955</b>	<b>\$656,751</b>	<b>\$522,167</b>	<b>\$516,404</b>	<b>\$448,797</b>	<b>\$947,322</b>	<b>\$1,337,666</b>	<b>\$1,070,144</b>

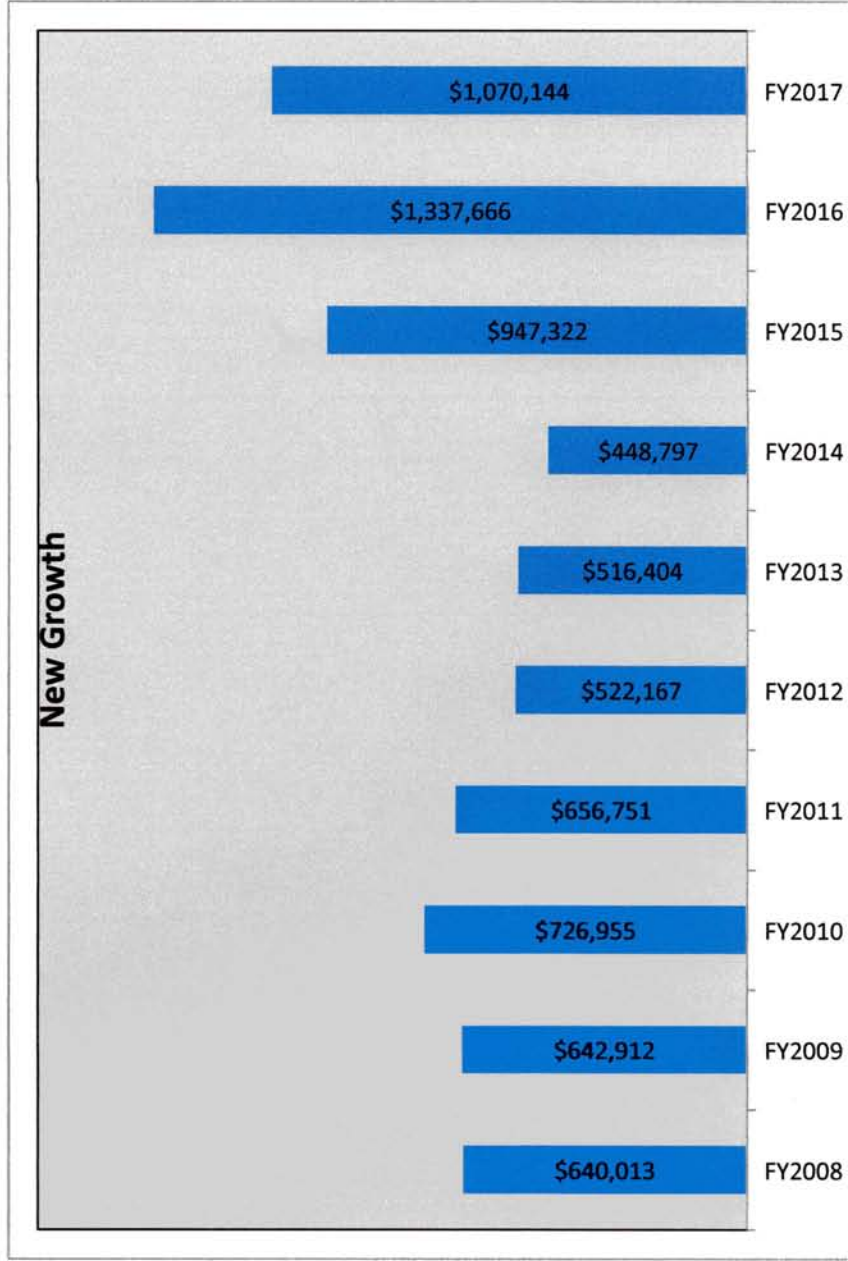
\*Subject to DOR Certification

10 Year Avg.  
\$750,913

10 Year Median  
\$649,832

\$107,014.40

\$692,079



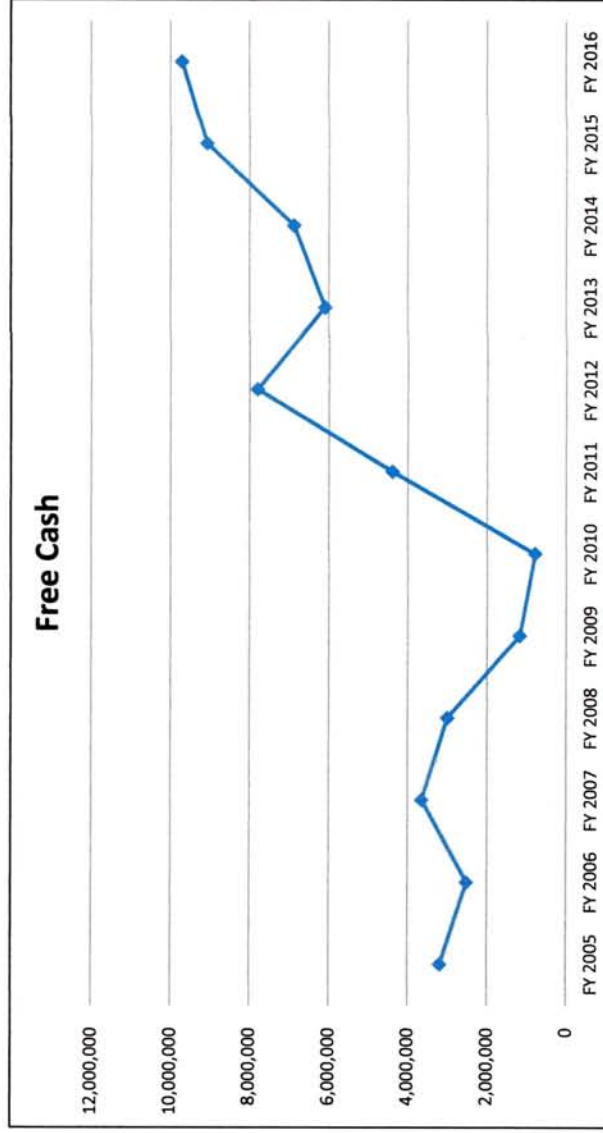
Ref 1

2/16/2017

# Town of Arlington Ten Year Free Cash Analysis

Free Cash	FY2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Free Cash Balance	4,934,569	3,548,683	2,829,606	3,228,310	3,179,389	2,509,471	3,637,574	2,995,814	1,164,101	770,499	4,379,408	7,793,055	6,085,848	6,871,692	9,074,598	9,701,131
12 Year Average																
10 Year Average																
5 Year Average																
12 Year Median																
10 Year Median																
5 Year Median																
12 Year, drop high and low																

We use 10 Year average of Free Cash for the LRP.





# Long Range Projection FY2017-FY2023

Long Range Planning Committee February 6, 2017

	FY 2017 RECAP	FY 2018	Dollar Change	Percent Change	FY 2019	Dollar Change	Percent Change	FY 2020	Dollar Change	Percent Change	FY 2021	Dollar Change	Percent Change	FY 2022
<b>I REVENUE</b>														
A. State Aid	18,828,545	19,135,472	306,927	1.63%	19,899,762	764,290	3.99%	20,303,310	403,548	2.03%	20,583,123	279,813	1.38%	20,899,710
B. Local Receipts	2,474,774	1,815,915	(858,859)	-34.70%	476,523	(1,139,392)	-70.51%	476,523	0	0.00%	476,523	0	0.00%	0
C. Free Cash	9,971,000	9,071,000	1,100,000	1.11%	9,171,000	100,000	1.10%	9,271,000	100,000	1.09%	9,371,000	100,000	1.08%	9,471,000
D. Overlay Reserve Surplus	4,537,299	4,850,566	313,267	6.90%	2,623,686	(2,226,880)	-45.91%	2,623,686	0	0.00%	2,623,686	0	0.00%	2,623,686
E. Property Tax	200,000	600,000	400,000	200.00%	200,000	(400,000)	-66.67%	200,000	0	0.00%	200,000	0	0.00%	200,000
F. Override Stabilization Fund	112,439,838	115,955,338	3,515,500	3.13%	119,402,620	3,447,282	2.97%	122,721,802	3,319,182	2.78%	126,045,328	3,323,526	2.71%	129,399,891
<b>TOTAL REVENUES</b>	147,451,456	151,285,692	3,834,237	2.60%	157,126,336	5,840,644	3.86%	164,280,999	7,154,663	4.55%	168,347,003	4,066,004	2.48%	172,594,287
<b>II APPROPRIATIONS</b>														
A. Operating Budgets														
School	36,502,362	38,787,542	2,285,180	6.26%	41,318,307	2,530,765	6.52%	43,816,451	2,498,144	6.05%	46,406,877	2,590,426	5.91%	48,686,590
General Education Costs	18,726,557	20,037,415	1,310,858	7.00%	21,440,034	1,402,619	7.00%	22,940,836	1,500,802	7.00%	24,548,695	1,605,859	7.00%	26,264,964
Special Education Costs	970,000	970,000	0	0.00%	970,000	0	0.00%	970,000	0	0.00%	970,000	0	0.00%	970,000
Kindergarten Fee Offset	973,524	1,133,528	160,004	16.44%	1,016,428	82,900	8.11%	1,021,112	46,684	4.59%	1,026,796	5,674	0.55%	1,032,470
Growth Factor	57,172,443	60,928,485	3,756,042	6.57%	64,744,769	3,816,284	6.26%	68,748,399	4,003,630	6.18%	72,555,912	3,807,513	5.54%	76,665,309
Net School Budget	3,649,349	4,099,059	449,710	12.32%	4,242,526	143,467	3.50%	4,391,014	148,488	3.50%	4,544,700	153,686	3.50%	4,703,765
Personnel Services	25,796,486	26,718,570	922,084	3.57%	27,586,924	868,354	3.25%	28,483,499	896,575	3.25%	29,408,213	925,714	3.25%	30,386,012
Expenses	9,874,330	10,116,758	242,428	2.46%	10,445,553	328,795	3.25%	10,785,033	339,480	3.25%	11,135,547	350,514	3.25%	11,497,452
Less Offsets:	2,247,194	2,358,506	111,312	4.95%	2,435,157	76,651	3.25%	2,514,300	79,143	3.25%	2,596,015	81,715	3.25%	2,680,385
Enterprise Fund/Other	33,423,622	34,476,822	1,053,200	3.15%	35,597,320	1,120,498	3.25%	36,764,232	1,156,912	3.25%	37,948,745	1,194,513	3.25%	39,182,079
Net Town Budget	5,593,112	5,593,112	0	0.00%	5,593,112	0	0.00%	5,593,112	0	0.00%	5,593,112	0	0.00%	5,593,112
MWRA Debt Shift														
B. Capital budget														
Exempt Debt Service	2,518,645	2,625,960	107,315	4.26%	1,600,047	(1,025,913)	-39.07%	1,552,102	(47,945)	-3.00%	1,474,300	(77,802)	-5.01%	915,956
Non-Exempt Service	7,132,448	7,274,119	141,671	1.99%	6,628,508	(645,611)	-8.88%	6,588,606	(39,902)	-0.60%	6,987,440	398,834	6.05%	6,628,352
Cash	2,469,625	3,881,928	1,412,303	57.19%	2,288,309	(1,613,619)	-41.57%	2,539,701	271,392	11.96%	2,206,035	(333,666)	-13.14%	2,700,544
Offsets/Capital Carry Forward	(928,185)	(2,868,184)	(1,939,999)	-209.01%	(422,280)	(2,445,904)	-85.28%	(412,558)	9,722	-2.30%	(347,721)	64,837	-15.72%	(375,770)
<b>Total Capital</b>	<b>11,192,533</b>	<b>10,913,823</b>	<b>(278,710)</b>	<b>-2.49%</b>	<b>10,074,584</b>	<b>(839,239)</b>	<b>-7.69%</b>	<b>10,267,857</b>	<b>193,267</b>	<b>1.92%</b>	<b>10,320,054</b>	<b>52,203</b>	<b>0.51%</b>	<b>9,869,082</b>
C. Pensions	9,641,782	10,167,680	525,898	5.45%	10,726,902	559,222	5.50%	11,316,882	589,980	5.50%	11,938,310	622,428	5.50%	12,596,972
D. Insurance	16,920,564	17,622,447	701,883	4.15%	18,748,137	1,125,690	6.39%	19,940,267	1,192,130	6.36%	21,119,949	1,179,682	5.92%	22,390,160
E. State Assessments	3,163,446	3,124,075	(39,371)	-1.24%	3,202,177	78,102	2.50%	3,282,231	80,054	2.50%	3,364,287	82,056	2.50%	3,448,394
F. Offset Aid - Assistance to Libraries	54,397	54,397	0	0.00%	54,397	0	0.00%	54,397	0	0.00%	54,397	0	0.00%	54,397
G. Offset Reserve	1,202,533	600,000	(602,533)	-50.11%	800,000	200,000	33.33%	600,000	(200,000)	-25.00%	600,000	0	0.00%	800,000
H. Fixed Costs - Res. Fund & Elections	1,607,650	1,574,028	(33,622)	-2.09%	1,617,736	43,708	2.78%	1,605,963	(11,773)	-0.73%	1,692,997	87,033	5.42%	1,675,943
I. Other	677,875	778,338	100,463	14.82%	771,250	(7,088)	-0.91%	773,225	1,975	0.26%	771,950	(1,275)	-0.16%	767,450
J. Warrant Articles	802,224	1,353,426	551,202	68.71%	953,426	(400,000)	-29.55%	953,426	0	0.00%	953,426	0	0.00%	953,426
K. Override Stabilization Fund	2,349,927													
<b>L. TOTAL APPROPRIATIONS</b>	<b>147,451,456</b>	<b>151,285,692</b>	<b>3,834,238</b>	<b>2.60%</b>	<b>157,126,336</b>	<b>5,840,644</b>	<b>3.86%</b>	<b>164,280,999</b>	<b>7,154,663</b>	<b>4.55%</b>	<b>171,458,838</b>	<b>7,177,839</b>	<b>4.37%</b>	<b>178,699,089</b>
<b>BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>	<b>(3,111,835)</b>	<b>7,177,839</b>	<b>(16,104,802)</b>	<b>6.2%</b>
Reserve Balai	9,701,131	5,247,372			5,247,372			5,247,372			5,247,372			5,247,372
Stabilization Fund	2,997,143	3,187,057			3,382,669			3,584,149			3,791,674			4,005,424
Override Stabilization Fund	23,142,167	23,084,766			17,732,021			9,047,343			0			0
Municipal Bldg. Ins. Trust Fund	734,957	757,008			778,716			803,107			827,201			852,017
<b>TOTAL:</b>	<b>36,575,398</b>	<b>32,276,201</b>	<b>(4,299,197)</b>	<b>-11.75%</b>	<b>27,141,778</b>	<b>(9,433,620)</b>	<b>-34.76%</b>	<b>18,681,971</b>	<b>(8,459,807)</b>	<b>-45.55%</b>	<b>9,866,246</b>	<b>(8,459,807)</b>	<b>(16,104,802)</b>	<b>6.2%</b>
% of General Fund Revenue	24.8%	21.3%			17.3%			11.4%			5.9%			
The plan does not include any potential impacts of an Arlington High School or Minuteman Regional Vocational School Building Project(s)														
The plan does not include any projected revenues or expenditures from the Community Preservation Act														
Projected School Enrollment Growth FY 2017 - FY 2023														
	FY 2017**	FY 2018*	FY 2019*	FY 2020*	FY 2021*	FY 2022*								
Actual/Proj. Annual Growth	84	242	217	218	135	159								
** Actual Growth - Based on 35% of FY14 DESE Per Pupil Cost of \$13,085 = Growth Factor of \$4,580 X Enrollment Growth														
* Projected Growth- Based on 35% of FY15 DESE Per Pupil Cost of \$13,383 = \$4,684 X Enrollment Growth														

Ref 3



# Long Range Projection FY2017-FY2023

Long Range Planning Committee February 6, 2017

## Explanation of Terms

I. REVENUE		
A. State Aid	State Aid as reported on the Cherry Sheets, including CH, 70 School Aid, Unrestricted General Government Aid (UGGA), and others.	
B. Local Receipts	Reimbursement for school construction costs from an old state program. These payments run out in FY2021.	
C. Free Cash	Fees, Permits, Interest, Motor Vehicle Excise Taxes, etc. Assumption: increase by \$100,000 per year.	
D. Overlay Reserve Surplus	Free Cash is equivalent to the previous year's operating surplus. Assumption: Half of the ten year average Free Cash is allocated as a revenue source for the operating budget and the remainder is released to be used in operating budget. Some years a large amount of Free Cash is released to the operating budget.	
E. Property Tax	The Assessors annually release some of the reserve set aside to pay tax abatements (the Overlay). Assumption: In most years, \$200,000 is released to be used in operating budget. Some years a large amount of Free Cash is released to the operating budget.	
F. Override Stabilization Fund	Real estate and personal property taxes, as determined by the State law, Proposition 2 1/2 (annual increase of 2.5%, plus additions of new growth), plus amounts added for debt excluded from Prop. 2 1/2 (see comparable item in Expenses below). Fund	
TOTAL REVENUES	The Override Stabilization Fund is used as an income source. In years of revenue surpluses, money is added, in years of deficits, money is withdrawn (see comparable item in Expenses below). Fund	
II. APPROPRIATIONS	Total General Fund Revenues.	
A. Operating Budgets		
School	Most of the costs of running the School Department. Assumption: A 3.5% increase in the sum of the previous year's General Education Costs plus cost increase due to in enrollment growth (Growth Factor) of providing Special Education services. Assumption: These costs are assumed to increase by 7% per year.	
General Education Costs	When the Arlington School Department adopted a full day kindergarten program, it eliminated fees for previous program, and the Town began receiving state aid for those students. The Offset replaced the Kindergarten Fee Offset.	
Kindergarten Fee Offset		
Growth Factor	An estimate of the increased operating costs the School Department incurs because of enrollment growth. Enrollment assumptions are presented at the bottom of LRP. It is assumed that each new student adds to the total school department budget.	
Net School Budget	The Total School Department Budget.	
Personnel Services	Assessments from the Minuteman Regional Technical and Vocational High School. Assumption: Each year the actual assessment is updated and future years are assumed to grow by 3.5%.	
Expenses	Town employees salaries and wages. Assumption: Annual growth of 3.25%.	
Enterprise Fund/Other	Town expenses, e.g., utilities, supplies, services, repairs, etc. Assumption: Annual growth of 3.25%.	
Net Town Budget	Offsets are amounts charged to the Water and Sewer Enterprise Fund for services provided to the Fund by Town employees. Assumption: Annual growth of 3.25%.	
MWRA Debt Shift	Personnel Services plus Expenses, minus Offsets.	
B. Capital budget	The Town adopted a state law that allows it to decrease water and sewer rates and increase taxes by an amount representing all or part of the debt service assessed to the Town by the MWRA. Assumption: The Town will not increase water and sewer rates.	
Exempt Debt Service	Debt service that has been excluded from the Prop. 2 1/2 limit and therefore is in addition to that limit. The exempt debt amount is included in the Property Tax calculation above and so income and expenses are calculated on the basis of the total debt service.	
Non-Exempt Service	Debt service (interest and principal) on items in the annual Capital Plan paid for with tax dollars.	
Cash	Items in the annual Capital Plan paid for with cash.	
Offsets/Capital Carry Forward	Multiple sources, such as grants, other funds (e.g., rental income from cell phone towers on town property, the Ambulance Fund, etc.), and bond premiums used to purchase capital items.	
Total Capital	Assumption: The Total of Non-Exempt Debt Service and Cash will equal 5% of the Town's Annual revenue.	
C. Pensions	Annual assessment from the Arlington Retirement Board. Assumption: Annual increase of 5.5%.	
D. Insurance	Health, property, and liability insurance. Assumption: Updated annually with latest enrollment figures and insurance rates. Future costs include projected teacher staffing increases to meet increased enrollment.	
E. State Assessments	Assessment from the State for various services, including MBTA, Charter School, and School Choice. Assumption: Annual increase of 2.5% (as mandated by Prop. 2 1/2).	
F. Offset Aid - Assistance to Libraries	Some Cherry Sheet aid goes directly to departments and not to the General Fund. State Aid to libraries is one such example. Assumption: Current year assessment will continue unchanged.	
G. Overlay Reserve	Amount of tax revenue set aside by the Assessors to pay abatements and tax exemptions (for elderly, blind persons, etc.). Assumption: \$600,000 in non-revaluation years, and \$800,000 in revaluation years.	
H. Fixed Costs - Res. Fund & Elections	Reserve fund equals 1% of annual revenues. It is available to the Finance Committee to pay unanticipated and extraordinary costs, such as snow and ice removal. Election's costs vary each year depending on the number of candidates.	
I. Other	Each year \$100,000 is set aside to pay for lawsuit settlements. The rest of this item is to pay the debt on bonds the Town issued to acquire the Symmes property. Those bonds will be paid off in FY2020.	
J. Warrant Articles	Various warrant articles for boards, commission, town celebrations, and other items that are outside of the town, school, or capital budgets.	
K. Override Stabilization Fund	In years when the budget shows a revenue surplus, that surplus is appropriated to the Override Stabilization Fund.	
L. TOTAL APPROPRIATIONS	The total of all items under II Appropriations.	
BALANCE	The operating surplus or deficit for each year of the plan. For the current year, the number will always be zero, i.e., by law and Town policy, the final budget must be in balance.	
Reserve Balances		
Free Cash	An amount roughly equivalent to the Town's operating surplus and fund balance that is certified annually by the State Department of Revenue.	
Stabilization Fund	A fund established by Town Meeting to provide a long-term reserve. Assumption: Annual 3% growth, plus \$100,000 appropriation from Town Meeting.	
Override Stabilization Fund	The Override Stabilization Fund was created as a result of the 2005 Prop. 2 1/2 override. The Town makes annual appropriations to the fund until the time in which it is necessary to make withdrawals to cover extraordinary losses from damage to Town property. The existence of the fund reduces the Town's annual property insurance costs, because it allows the Town to to avoid the need to raise property taxes to cover extraordinary losses from damage to Town property.	
Municipal Bldg. Ins. Trust Fund	A reserve fund established to cover extraordinary losses from damage to Town property. The existence of the fund reduces the Town's annual property insurance costs, because it allows the Town to to avoid the need to raise property taxes to cover extraordinary losses from damage to Town property.	
TOTAL:	Total reserves.	
% of General Fund Revenue	Total reserves as a percent of total revenue.	